Nangarhar University Social Science Journal

NUSSJ

e-ISSN: 3079-2398 (Online) p-ISSN: 3079-238X (Print)
Vol:2(02), April-June: 2025
Journal Homepage: https://nussj.nu.edu.af

RESEARCH ARTICLE

Identifying Barriers to the Development of Small and Medium Enterprises (SMEs) in Afghanistan

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ABSTRACT

The purpose of this study is to identify the internal or external factors which hinders the SMEs development in developing countries especially in Afghanistan. At the same time, to effectively manage the challenges it is indispensable to determine the barriers that negatively impacts SMEs development as much as to be helpful to entrepreneurs. To categorize these factors, it is appropriate to conduct an explanatory analysis. The data is collected through questionnaire by applying a survey approximately 150 employees, managers and entrepreneurs working in SMEs.. The obtained data is analyzed or evaluated with the help of Statistical Package for Social Sciences (SPSS). In the study, firstly, correlation analysis was used. According to the results attained in the study indicates, that the most significant obstacles to SMEs development in Afghanistan includes political instability, insufficient energy supply, infrastructural deficiencies, and limited access to financial resources. Nowadays, SMEs play a crucial role in the economic activities of most countries. In this case, it is considered more significant to clarify main factors which hinders SMEs development in Afghanistan. Because SMEs creates a significant portion of jobs and it also play an essential role in improving income distribution in less developed societies especially in Afghanistan. But it also possesses the potential to transform into large scale enterprises in the medium and long term.

ARTICLE INFO

Keywords

Enterprise, SMEs, Development, Entrepreneurs and SPSS.

Article History

Received: 19-03-2025
Accepted: 16-04-2025
Published: 20-04-2025

Cite this Article

Makhdom, M. A., Arian, R., Intezar, A., & Adib, H. (2025). Identifying Barriers to the Development of Small and Medium Enterprises (SMEs) in Afghanistan. Nangarhar University Social Science Journal, 2(02), 41–51. https://doi.org/10.70436/nussj.v2i02.38

Introduction

Globally, SMEs are considered the engine of economic growth, particularly in developing countries. Small and medium enterprise (SMEs) in developing and underdeveloped nations, like Afghanistan can play a decisive role in job creation and overall economic growth. SMEs account for approximately 80% of Afghanistan's jobs, contribute to half of the country's GDP, and employ over one-third of the workforce. Despite their significant role, the failure rate of SMEs worldwide is very high. This has compelled economic policymakers to adopt various strategies and maximize the use of internal and external resources to establish an effective and productive economy, contributing actively to production and material wealth. The widespread use of modern technology, which aligns with advanced development, plays a critical role in achieving economic objectives. Since, Afghanistan transitioned to a market economy in 2001, the private sector 85% of which consists of SMEs has been recognized as the driving force of the country's economic growth. However, these enterprises face major challenges, including competition, skill and innovation gaps, and survival uncertainties during transitional periods (Faqiri, 2019). The primary obstacles to SMEs growth include an unpredictable and unclear economic environment,

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https://doi.org/10.70436/nussj.v2i02.38
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reliance on donor organizations, insufficient industrial energy, and restricted access to financial market. Although, SMEs play an important role in Afghanistan's economy, their growth is hindered by these barriers (Arain Ramin, 2024) Furthermore, economic development depends on developments SMEs and the health of the business environment, which directly impacts on national incomes. A transparent and healthy business environment, derived from sound economic and political policies, leads to positive economic outcomes such as effective exports, economic growth, and industrial development. These factors must be prioritized in the economic policies of governments (al W. K., 2019).

In recent years, the importance of SMEs has grown in both industrialized and developing countries. The process of learning in SMEs not only helps train capable managers, but also minimizes societal losses when these enterprises exit the competitive landscape. Thus, SMEs are considered an ideal platform for creating competitive and capable industries, and many countries emphasize appropriate policymaking for these industries (Mashaal, 2013). In addition, SMEs play a critical role in the industrialization process, providing a highly conducive environment for practical marketing, training, and preparing workers in terms of technical, managerial, and marketing knowledge (Gul Shah Sabary, 2020). SMEs contribute significantly to economic activities in most countries. Their flexibility and adaptability to new technologies further strengthen their structural stability, enabling them to create new markets from local to international levels. Given their unique characteristics, SMEs occupy a special place in the industrial sector. Understanding their competitive advantages and the competitiveness of SME products is essential for understanding current and future industrial conditions and for planning long-term strategies (Arain, 2024). Although, access to economic growth and development through SMEs is considered one of the most effective policies among economic policymakers, SMEs in Afghanistan face serious challenges under the current economic conditions. This study aims to identify the barriers to SME development in Afghanistan through the distribution of research questionnaires.

Importance of the Study

SMEs play a vital role in the development of economic activities in most countries. A significant portion of job creation in developed countries is driven by SMEs, which also contribute to improving income distribution in less developed societies. Additionally, SMEs not only supply skilled human resources for large enterprises but also have the potential to transform into large-scale enterprises in the medium and long term. In developing and underdeveloped countries like Afghanistan, SMEs play a crucial role in job creation and overall economic growth for two main reasons: Establishing SMEs in Afghanistan does not require high levels of skill, advanced technology, or significant financial investment, particularly in the early stages. Afghanistan, as an underdeveloped and unpredictable country, lacks qualified personnel, advanced technology, and substantial capital. Therefore, SMEs are the most ideal, effective, and efficient method for job creation and economic growth in the country (Abdullah, 2021). SMEs are recognized as the backbone of the economy, providing employment, production, exports, poverty reduction, economic empowerment, and overall economic development. Many economists believe that developing and upgrading SMEs is one of the main sources of economic and social development in any country (Heimonen, 2012). SMEs are generally more innovative and flexible compared to larger enterprises. Their ability to innovate enables them to actively participate in economic growth. Among businesses of various sizes, SMEs are typically more adaptable and innovative (Tanyeri, et al, 2018). After completion of this study owners, managers and especially government identifies main obstacles which hinders SMEs development in the country and provides effective policies to better facilitates SMEs to reach their goals.

Research Objective

Every research study has specific goals and purposes. The aim of this study is to investigate and identify the barriers to the development of small and medium enterprises (SMEs) in Afghanistan.

Research Hypotheses

H_0: It seems that the development of SMEs in Afghanistan is not dependent on political, energy, infrastructural, and financial resources.

H_1: It seems that the development of SMEs in Afghanistan dependent on political, energy, infrastructural, and financial resources.

H_0: Political instability does not affects the SMEs development in Afghanistan.
H_1: Political instability affects the SMEs development in Afghanistan.

H_0: The lack of electricity does not affect the SMEs development.
H_1: The lack of electricity affects the SMEs development.

H_0: The lack of infrastructure does not affect the SMEs development.
H_1: The lack of infrastructure affects the SMEs development.

H_0: Limited access to financial resources has no significant impacts the SMEs development.
H_1: Limited access to financial resources significantly impacts the SMEs development.

Literature Review

SMEs have been defined differently by scholars all over the world (Sitharam, 2016). According to (Okoli, 2011), the definition of SMEs varies from country to country, in terms of the number, employees, size of the business and type of industry. (Jasra, 2011) stated that "SMEs are a business, but not a public limited company with more than 250 employees in manufacturing and service sectors, including trading businesses". SMEs defined as "a business with 11-100 employees or with a total cost of more than 50 million, including working capital but excluding land cost". The Alarape and Arowomole definitions are more applicable to small businesses, as Darren et al., (2009) defined medium-sized businesses as "a business with up to 249 employees in the UK, up to 250 employees in the European Union, up to 200 employees in Europe, and up to 500 employees in Australia and the USA. In Afghanistan, any business with 100 employees and a maximum sales of 995,355 AFN per year is called an SME (Worldbank, 2011). There is a large literature on the performance of SMEs.

These studies have indicated the factors affecting the performance of SMEs worldwide. Some studies have divided these factors into internal and external factors. SMEs is identified the ability to enter international markets, good customer relations and good supply chain system as external factors affecting the performance of SMEs, while management qualification, technology and lack of skilled labor are identified as internal factors affecting the performance of SMEs (JAHUR, 2012). Among the external factors, competition is believed to be one of the important determinants of the growth of SMEs. (Nkwabi, 2019), (Nichter, 2009), (Pandya, 2012), (Mazanai, 2012) and (Haron, 2013) view access to finance as the main obstacle to the development of SMEs, especially in developing countries. Government regulations can be an important factor affecting SMEs. (Ligthelm, 2008) Views government policy support as crucial for the growth and sustainability of SMEs. Okpara, et al (2009) argue that the infrastructure of a country can be one of the leading factors for the success or failure of an SME. Poor infrastructure within the judicial system can lead to corruption, which negatively affects the growth of SMEs.

Afghanistan ranked 172 out of 180 countries in 2018 (Gul Shah Sabary, 2020). Such a bad corruption scenario really makes it difficult for SMEs to survive in Afghanistan. (Hisrich, 2002) and others consider that effective management skills are essential for the success of SMEs. For SMEs to gain competitive advantage, they need to have access to appropriate and up-to-date technology as well as management skills. Achieving sustainable employment through SMEs is one of the most effective strategies for maintaining and increasing employment levels and has received the attention of policymakers (Arain, 2024). SMEs have numerous effects on macroeconomic variables and economic sectors. The most important influencing parameters on barriers can be prioritized as follows: exchange rate fluctuations, government intervention in markets and pricing, lack of liquidity, delays in income receipts, inappropriate laws regarding checks, the absence of commercial and specialized banks for SMEs, lack of access to domestic and international distribution channels, lack of innovation in products, supply and demand fluctuations, inadequate marketing, increased external and ancillary costs for businesses, tax evasion, reduced purchasing power due to inflation, time wasted registering businesses, weak specialized management, neglect of intellectual capital in technology localization, and socio-cultural backgrounds (Ghaemi Asl Mehdi, 2020).

Key barriers in Afghanistan include an unsuitable work environment, limited access to new scientific technologies, lack of creativity and innovation, shortage or absence of electricity, inadequate infrastructure, lack of skilled labor, and social and investment insecurity. Additionally, factors such as the lack of raw materials, absence of specialists, lack of government support, and insecurity contribute to underdevelopment (Gul Shah Sabary, 2020). Examples of barriers in Afghanistan include central silos, the Bagrami factory, the Pashmina weaving factory in Pul-e-Charkhi, the Afghan Turkish factory, the Gulbahar textile factory, and the Pul-e-Charkhi textile enterprise (CEYHAN, 2024). Barriers such as small market power, lack of managerial skills, absence of reliable collateral, inability to fully assess risks, and interference from powerful entities also impede the development of SMEs (Mashaal, 2013).

Obstacles and Challenges Facing (SMEs) in Afghanistan

The obstacles and challenges facing the development of small and medium-sized enterprises can be divided into two categories. Categorizing the challenges of these types of enterprises helps the owners and proprietors of these types of enterprises to identify the factors that inhibit or hinder their development, so that they can better understand the factors that inhibit and hinder their development in decision-making and planning to achieve their goals and expand the scope of their activities, so that they can have the upper hand in managing and controlling them. The obstacles and challenges facing the development of small and medium-sized enterprises can be divided into internal and external factors.

Despite the valuable role they play in the economy, small and medium-sized enterprises, due to their specific characteristics, face many problems in securing the required financial resources and funds compared to large enterprises. Therefore, the lack of financial resources has acted as one of the most important problems facing these enterprises and has faced their activities with countless issues and bottlenecks (Osman KURTER, 2021). Therefore, access to financial resources can be considered one of the most important problems for small and medium-sized enterprises in the current situation. One of the fundamental factors of production in economics is labor. When the labor force is trained professionally, it significantly increases the level of production in terms of quantity and quality. Research shows that the lack of skilled and specialized labor is one of the major challenges of small and medium-sized enterprises in Afghanistan; therefore, the support of relevant organizations for the education and training of competent employees and managers are essential for small and medium-sized enterprises in order to grow and survive (al F. F., 2019).

Small and medium-sized enterprises are generally managed by one or more managers who use scarce resources to achieve various goals. In fact, these managers who determine the relationship between the goals and the means to achieve it. Managers create conditions for the creation of new jobs, income, products, services, safety, health, training, etc. The foundations of strategic management in small and medium-sized enterprises are also based on the level of understanding that managers have of competing enterprises, markets, and prices, suppliers of raw materials, distributors, governments, shareholders, and customers that exist throughout the world. These factors are the determinants of the success of business performance in today's world. Ultimately, leadership and management are important in the success of small and medium-sized enterprises and are often a skill that is specifically practiced by entrepreneurs, but it is more of a general management skill than an entrepreneurial specialty (Zadeh, 2018). One of the primary requirements and essential supplies for the expansion of industry is the supply of electrical energy. In addition to household consumption, electrical energy plays a vital role in the expansion of industry. In other words, without the supply of the required energy, the wheel of industry cannot move and industrialization and increase in industrial production are not possible. Therefore, the most important factor in the economic growth and development of countries, especially the industry and services sectors, is the supply of stable, strong, and cheap electricity (Bakhshem, 2022).

The existence of relative stability of political and economic laws provides the basis for the expansion of economic activities in society, which provides the basis for the growth and development of small and medium-sized enterprises, which guarantees economic growth and development. The absence of relative stability of political and economic laws causes widespread changes in economic dimensions, which have a negative impact on (SMES), especially industries and production and services. The approval of economic laws considering the economic conditions of the country lead to economic prosperity, while the approval of economic laws without considering the prevailing economic conditions causes disruption of the economic system, which makes small and medium-sized enterprises less resistant to such damage and often leads to failure. Among the legal obstacles, we can mention the time-consuming registration laws and the rule of bureaucracy in the offices (Haron, 2013). Economic obstacles mean the lack of proper implementation of economic policies in the path of economic growth and development, which covers a wide range of dimensions. In simpler terms, economic barriers can be defined as the lack of economic growth and development, which includes infrastructure, industries, trade, health, security, development projects, technology, etc., which are considered barriers to the development of small and medium enterprises. On the other hand, the backbreaking tax laws have also seriously endangered the survival of these types of enterprises. Taxes are mandatory payments that the government collects from the people to provide public goods and infrastructure. Tax collection by the government plays a major role in tax awareness. Afghan

entrepreneurs face a complex tax system consisting of a set of various taxes. This system is complex, confusing, and unpredictable from the perspective of the private sector, and opens the way to illegal activities. This tax system has caused many small and medium entrepreneurs to avoid abuse. Tax officials and the complex tax system prevent them from registering their businesses (Asl, 2020).

Although Afghanistan is heavily dependent on foreign products for its domestic consumption, its exports are low in both quantity and variety of exported goods. The World Bank ranks Afghanistan 184th out of 189 countries in terms of foreign and cross-border trade. The country's exports peaked in 2008, but have declined since 2011, with some exports down by almost 50 percent. Officials say insecurity is not the only reason for the decline in exports. Administrative corruption and mafia groups that operate outside the reach of official government agencies are other factors that undermine the quality of Afghan products and affect their credibility with foreign consumers. However, small, and medium enterprises have not yet been institutionalized in Afghanistan, because the significant import of foreign goods and services and the lack of support from the people and the government for domestic products have caused their collapse and lack of registration in official government offices. On the other hand, the lack of advanced equipment, skilled labor, lack of lending banks, and heavy taxes have faced serious challenges for these types of enterprises, and these can be considered as factors inhibiting the development of small and medium enterprises (Mashaal, 2013). Widespread and increasing insecurity has caused capital and investors to flee the country, and has faced domestic small and medium enterprises with problems such as lack of capital, lack of skilled manpower, lack of demand, inability to compete with foreign goods due to lack of innovation and production of new products, lack of advanced production equipment and services; The effects of new developments on economic development through the development of small and medium-sized enterprises and other economic institutions cannot be ignored, because with the change in the system, domestic and foreign investors began to withdraw their capital from the economic cycles due to the lack of investment security, which is considered a severe blow to the Afghan economy, especially small and medium-sized enterprises in this country (Abdullah, 2021).

SMEs are considered the backbone of the economy because they generate employment, production, exports, poverty reduction, economic empowerment, and overall economic development. SMEs have significant advantages over large businesses, including greater innovation, job creation, and flexibility. A favorable business environment is critical to economic growth, and improving SMEs is a priority for both business owners and officials (Gul Shah Sabary, 2020). Despite these advantages, SMEs face significant barriers, including a lack of capital, inability to acquire modern equipment, and challenges in raw material procurement and product sales (Fakhar, 2022). In Afghanistan, SMEs also face challenges such as a lack of advanced tools, insufficient skilled labor, the absence of lending banks, and heavy taxation, all of which hinder their growth (Mashaal, 2013). At the end barriers to SME development in Afghanistan can be categorized into internal and external challenges. SMEs face difficulties in securing financial resources compared to larger enterprises, making access to financing one of their biggest challenges. Research shows that the absence of skilled and professional labor is a significant barrier. Additionally, the lack of electricity, essential for industrial growth, presents a major obstacle (Bakhshem, 2022). Unstable political and economic policies hinder the growth of SMEs. Complicated tax systems, legal bureaucracy, and corruption also negatively impact SME performance. Moreover, Afghanistan's reliance on foreign goods and the lack of domestic production have further exacerbated these challenges.

Research Methodology

This study focuses on identifying the barriers to SMEs development in developing countries especially in Afghanistan. The research is practical and utilizes random sampling for questionnaire distribution. The statistical population includes employees, managers, and owners of SMEs across various sectors, such as carpentry, tailoring, metalworking, and food production. The purpose of this study is to identify the internal or external factors which hinders the SMEs development in developing countries especially in Afghanistan. To categorize these factors, it is appropriate to conduct an explanatory analysis. In the study, firstly, correlation analysis was used and primary data is obtained by applying a survey approximately 150 employees, managers and entrepreneurs working in SMEs. The collected data is analyzed or evaluated with the help of Statistical Programs for Social Sciences (SPSS).

Statistical Analysis

Collected data were analyzed by using SPSS24. In the study, SMEs development is recognized a dependent variable and political, energy, infrastructural, and financial resources are identified as an independent variable.

Despite limitations such as the lack of standard books, financial and time constraints, the research uses available resources like books, articles, and the internet for comprehensive analysis. Here is the data and findings research, including the tables for clarity.

Research Findings

In this section, the information obtained from the questionnaire was analyzed and compiled, the SPSS statistical program was used to analyze collected data. The findings of this study are usually made up of two parts: descriptive and inferential analysis.

Gender of Respondents Table (1 - 1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	130	86.7	86.7	86.7
	Female	20	13.3	13.3	100.0
	Total	150	100	100.0	

According to the data in Table (1-1), among the 150 respondents, 130 (86.7%) are male, and 20 (13.3%) are female.

Marital Status of Respondents Table (1 - 2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	48	32.0	32.0	32.0
	Married	102	68.0	68.0	100.0
	Total	150	100.0	100.0	

According to the data in Table (1-2), 48 respondents (32%) are single, and 102 respondents (68%) are married.

Age of Respondents Table (1 - 3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	42	28.0	28.0	28.0
	25-30	89	59.3	59.3	87.3
	30-35	16	10.7	10.7	98.0
	35-40	2	1.3	1.3	99.3
	40-45	1	.7	.7	100.0
	Total	150	100.0	100.0	

According to the data in Table (1-3), 42 respondents (28%) are aged 20-25, 89 respondents (59.3%) are aged 25-30, 16 respondents (10.7%) are aged 30-35, 2 respondents (1.3%) are aged 35-40, and 1 respondent (0.7%) is aged 40-45.

Education Level of Respondents Table (1 - 4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	34	22.7	22.7	22.7
	12th Grade	60	40.0	40.0	62.7
	Baccalaureate	15	10.0	10.0	72.7
	Bachelor's	26	17.3	17.3	90.0
	Master's	9	6.0	6.0	96.0
	Doctorate	6	4.0	4.0	100.0
	Total	150	100.0	100.0	

According to the data in Table (1-4), 34 respondents (22.7%) are illiterate, 60 respondents (40%) have completed 12th grade, 15 respondents (10%) have a baccalaureate, 26 respondents (17.3%) have a bachelor's degree, 9 respondents (6%) have a master's degree, and 6 respondents (4%) have a doctorate.

Descriptive Analysis of 5-Option Questions

In this section, the researcher analyzes the findings and answers to the survey questions.

It appears that political instability is one of the barriers to the development of SMEs in Afghanistan.

Descriptive Analysis Table (2 - 1)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high	139	92.7	92.7	92.7
	High	10	6.7	6.7	99.3
	Average	1	.7	.7	100.0
	Total	150	100.0	100.0	

According to Table (2-1), 139 respondents (92.7%) strongly agree that political instability is a significant barrier, it means there is a negative relationship between political instability and SMEs development, 10

respondents (6.7%) agree, and 1 respondent (0.7%) agrees moderately.

It appears that insufficient electricity is one of the barriers to the development of SMEs.

Descriptive Analysis Table (2 - 2)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high	141	94.0	94.0	94.0
	High	7	4.7	4.7	98.7
	Average	1	.7	.7	99.3
	Low	1	.7	.7	100.0
	Total	150	100.0	100.0	

According to Table (2-5), 141 respondents (94%) strongly agree that insufficient electricity is a significant barrier, 7 respondents (4.7%) agree, and 2 respondents (1.3%) agree moderately.

It appears that insufficient infrastructure is one of the barriers to the development of SMEs.

Descriptive Analysis Table (2 - 3)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high	133	88.7	88.7	88.7
	High	11	7.3	7.3	96.0
	Average	5	3.3	3.3	99.3
	Low	1	.7	.7	100.0
	Total	150	100.0	100.0	

According to Table (2-4), 133 respondents (88.7%) strongly agree that insufficient infrastructure is a significant barrier, 11 respondents (7.3%) agree, 5 respondents (3.3%) agree moderately, and 1 respondent (0.7%) agrees minimal.

It appears that limited access to the financial resources is one of the barriers to the development of SMEs.

Descriptive Analysis Table (2 - 4)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very high	138	92.0	92.0	92.0
	High	10	6.7	6.7	98.7
	Average	2	1.3	1.3	100.0
	Total	150	100.0	100.0	

According to Table (2-3), 138 respondents (92%) strongly agree that limited access to the financial resources are a significant barrier, 10 respondents (6.7%) agree, and 2 respondents (1.3%) agree moderately.

Reliability Statistics Table (3 - 1)

Cronbach's Alpha	Number of Items
0.774	31

The Cronbach's Alpha value of 0.774 indicates good consistency and reliability between the survey items.

Hypothesis Testing

Correlations Table (4 - 1)

			H1.	H2
Spearman's rho	Political instability as a barrier to development of SMEs in Afghanistan	Correlation Coefficient	1.000	.458**
		Sig. (2-tailed)	.	.000
		N	150	150
	It appears that insufficient electricity is one of the barriers to the development of SMEs.	Correlation Coefficient	.275**	1.000
		Sig. (2-tailed)	.001	.
		N	150	150

****. Correlation is significant at the 0.01 level (2-tailed).**

The result of Spearman's rho shows Siq. (2-tailed) = 0, it means there is significant and indirect relationships between political instability and insufficient electricity

with SMEs development, when there is political or insufficient electricity and there is no SMEs development in Afghanistan. So, correlation is significant at the 0.01 level.

Correlations Table (4 - 2)				
			H3.	H4
Spearman's rho	It appears that insufficient infrastructure is one of the barriers to the development of SMEs in Afghanistan.	Correlation Coefficient	1.000	.275**
		Sig. (2-tailed)	.	.001
		N	150	150
	It appears that limited access to financial resources are one of the barriers to the development of SMEs.	Correlation Coefficient	.458**	1.000
		Sig. (2-tailed)	.000	.
		N	150	150
****. Correlation is significant at the 0.01 level (2-tailed).**				

The Spearman's rho result in the table above shows the significance at levels (Sig. (2-tailled) 0.001 and the acceptance area is 5% or less than 5%. So, according the result above it can be said that there is significant relationships between the variables in the hypothesis and the level of relationship equal to 0.275, and have positive relations.

One – Sample Kolmogorov- Smirnov Test Table (4 - 3)		
Political instability as a barrier to the development of SMEs in Afghanistan		
N		150
Normal Parameters[a,b]	Mean	1.08
	Std. Deviation	.296
Most Extreme Differences	Absolute	.533
	Positive	.533
	Negative	-.393
Test Statistic		.533
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
C. Lilliefors Significance Correction.		

According to the result of one – sample Kolmogorov – Smirnow test in the table (4-3) above shows H_0 hypothesis rejected at Asymp. Sig. (2 – tailed) = 0.000 and alternative hypothesis H_1 is accepted.

One-Sample Kolmogorov-Smirnov Test Table (4 – 4)		
It appears that insufficient electricity is one of the barriers to the development of SMEs.		
N		150
Normal Parameters[a,b]	Mean	1.08
	Std. Deviation	.357
Most Extreme Differences	Absolute	.529
	Positive	.529
	Negative	-.411
Test Statistic		.529
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
C. Lilliefors Significance Correction.		

One-Sample Kolmogorov-Smirnov Test Table (4 – 5)		
It appears that insufficient infrastructure is one of the barriers to the development of SMEs in Afghanistan.		
N		150
Normal Parameters[a,b]	Mean	1.16
	Std. Deviation	.493
Most Extreme Differences	Absolute	.514
	Positive	.514
	Negative	-.373
Test Statistic		.514
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

According to the result performed through Kolmogorov-Smirnov test, the hypothesis H_0 is rejected with a significance level of 0.000 = Asymp. Sig. (2-tailed) and the alternative hypothesis or H_1 is accepted.

One – Sample Kolmogorov- Smirnov Test Table (4-6)

It appears that limited access to financial resources as a barrier to development of SMEs in Afghanistan.		
N		150
Normal Parameters[a,b]	Mean	1.12
	Std. Deviation	.400
Most Extreme Differences	Absolute	.525
	Positive	.525
	Negative	-.382
Test Statistic		.525
Asymp. Sig. (2-tailed)		.000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
C. Lilliefors Significance Correction.		

According to the test performed through Kolmogorov, the hypothesis H_0 is rejected with a significance level of Asymp. Sig. (2-tailed) = 0.000 =, and the alternative hypothesis or H_1 is accepted.

Conclusion and Discussion

It is known that SMEs constitute a larger part of the world economy. The recent economic downturn and financial crisis have caused a global slowdown in GDP growth, a decrease in professional opportunities, and a decrease in household incomes. Therefore, the revival of the local economy is also a very important factor for the recovery of economies worldwide. However, developing the economy through Small and Medium Enterprises is one way to ensure the survival and sustainability of the local economy. The fact that most of the the world's businesses are in the category of SMEs which provides an opportunity for the prosperity of many people. Especially in developing economies, SMEs play important roles in economic growth and development. This situation causes economists to put forward SMEs as a subject that needs to be researched in the field of economics. Although SMEs contribute to employment, production, investment and economic growth, the failure rate is increasing day by day worldwide, especially in Afghanistan. Because the success and failure of SMEs in Afghanistan trunk from many factors that have not been investigated yet. When the situation of SMEs in Afghanistan is considered; it can be said that the role of the state, the use of updated technology, the training of talented managers, the protection and increase of the customer base and the search for new markets for products are important factors in order to improve and sustain the performance of these businesses. Therefore, determining the factors that cause the failure of SMEs will benefit SMEs in taking safeguards regarding their future investments. At the same time, in a world where national and international business competition is intensifying, there is no other way for SMEs in Afghanistan to be successful than to integrate with the world economy. In order to integrate with the world economy, on the one hand, it is necessary to make structural changes and arrangements in our economy within the framework of the market economy logic, and on the other hand, to review economic policies related to SMEs and develop new approaches considering developments in the world economy. Because the establishment and sustainability of competition, which is the basis of the universal market economy, depends on the existence of SMEs. However, one of the most effective methods of accelerating economic development in the changing conditions may be to spread the emergence of new and creative ideas. Small and medium enterprises (SMEs) are considered the backbone of the economy as they contribute to employment, production, exports, poverty reduction, economic empowerment, and overall economic development. These enterprises have several advantages over large businesses, including innovation, job creation, and greater flexibility compared to large industries. The competitiveness of SMEs is higher because of their lower product prices relative to large industries due to the ability to produce diverse products, lower research and development costs, and increased marketing efforts. The experience of many countries shows that SMEs, due to their ability to reduce unemployment rates and their social impact, have a high potential for economic development. Due to their unique characteristics, such as flexibility, competitive strength, and capacity to improve performance and achieve planned goals using available resources, the establishment and development of SMEs is seen as an important policy in creating new jobs and accelerating economic improvement. Despite their many advantages, SMEs face numerous challenges, including a lack of resources, skilled labor, marketing, and access to new equipment and technology. Therefore, in this study, the factors that prevent the development of SMEs in Afghanistan is examined in order to contribute to the growth of the Afghan economy, and the state and entrepreneurs will be tried to develop effective strategies and regulations. In this research, to identify the barriers to the development of SMEs in Afghanistan, the hypotheses

categorized as H_0 and H_1 were tested. After analyzing the obtained data, H_0 was rejected, and H_1 was confirmed. In the study, the findings shows The factors which hinders the development of SMEs in Afghanistan's are identified as a political, energy, infrastructural, and financial resources. Nowadays, political stability is a better opportunity to rebuild infrastructures, provide electricity and financial resources to reviving the wheels of SMEs which cases the development of SMEs and there will be positive economic mutation in the country.

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